

m/043/004

From: Wayne Hedberg
To: Mary Ann Wright
Date: 10/8/02 11:47AM
Subject: Utelite Self-bonding ollowup

Last week I spoke w/Steve Schneider about his receipt & review of the supplemental financial information and his subsequent telephone discussions with Lynn Carlsen (Utelite's accountant) regarding status of their self-bonding proposal. The bottom line was that Utelite met some of the criteria, but not all of the previously established ratios, therefore Steve couldn't make a strong positive finding to support their proposal as it stands.

I called Carsten Mortenson and Mike Keller today to see where things stood from their end. Carsten advised me that he thought the ball was in our court based upon his last conversation with Lynn Carlsen and his transmittal of information and subsequent discussions with Steve. I told Carsten that the Division was not in a position to support a continued self-bonding situation based upon the information we've received to date and under the ratios that have been previously established by the Board.

I told him he was entitled to pursue his self-bonding request before the Board without our support, or he could choose another form of surety. I again stressed the possible surety option of a combination self-bond/escrow agreement, but he said that he wasn't ready to go that rout. I suggested he may choose to propose alternative self-bonding ratios for the Division & Board's consideration. He said he would call Lynn Carlsen to discuss the matter further and get back to me. My impression was that he would probably continue to pursue the self-bonding matter with the Board.

CC: Minerals; Steve Schneider